

Obsolete

For: State and County Offices

Internal Controls for Farm Credit Programs

Approved by: Deputy Administrator, Farm Credit Programs

Suzanne Kling

1 Overview

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Background

The Farm Credit Programs (FCP) internal control process, established by the former FmHA, is described in FmHA Instruction 2006-M. The process included DD oversight, Program Review assistant, and State evaluation review, at the State level. The national internal review provided National Office oversight completed on a 3-year cycle, and included:

- farm loan docket review
- State and County Office visits.

This process provided management, at all levels, with the information needed to efficiently and effectively administer farm credit programs.

With the reorganization, FCP must continue with a nationwide review process to:

- maintain consistency in program delivery
- provide senior management with current information to evaluate corrective action plans and enhance program delivery.

As the lender of last resort, FCP receives a high degree of oversight from OIG, GAO, and OMB.

To comply with the requirements of the Federal Managers' Financial Integrity Act and to effectively evaluate program delivery, FCP must maintain an efficient management control system.

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Disposal Date

October 1, 1997

Distribution

State Offices; State Offices relay to County Offices and Ag Credit Teams

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1 Overview (Continued)

B Purpose

This notice:

- ensures consistency among States concerning the scope of the FCP internal review process
 - provides information for States to complete their part of the review, according to National Office guidelines.
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2 Action

A State Office

For FY 1996 and FY 1997, the FCP review, under the direction of SED, will consist of the following:

- COR reviews, conducted under the direction of DAPDFO, to assess the performance of individual County Offices

Note: COR's will complete reviews using the Farm Credit Programs verification items and workpapers to be issued to COR's as soon as possible.

- farm loan docket review, conducted under the direction and oversight of DAFCP, to assess program delivery according to law and regulations concerning loan making and servicing activities at the State level.

Note: SED's are responsible for the completion of farm loan docket reviews in their States.

Agriculture credit directors shall use the National Internal Review Guide for FY 1995 to complete the review process for the remainder of FY 1996. The policy established in unnumbered letter dated April 4, 1995, "Fiscal Year (FY) 1995 Farm Credit Program (FCP) National Internal Review (NIR) Guide," is extended until the end of FY 1996 as follows, "State offices will complete the FCP portion of the State Evaluation Review (SER) using the attached National Internal Review Guide for FY 1995 in lieu of Form FmHA 2006-24. Reports submitted to the DAFCP will also include the databases (financial data and compliance), and the summary reports prepared through the CARsummary software Version 2.1."

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3 Reports

A **State Office**

State Offices shall:

- complete the review
- compile the compliance scores and Farm and Home Plan financial data
- submit a midyear progress report
- submit a final report as of September 30, 1996.

Notes: This final report should reach DAFCP before November 30, 1996.

The reports will include weaknesses identified and the proposed corrective action plans for review and approval by DAFCP.

B **DAFCP**

DAFCP shall:

- compile the information from all States
- prepare a summary report for the fiscal year.

Note: This report will be submitted to senior management for preparation of the annual report to the Congress mandated by the Federal Managers' Financial Integrity Act.

C **Contact**

If questions about this notice:

- County Offices shall contact State Offices
 - State Offices shall contact Bobby O. Reynolds, Director, PDEED, through the Area Office.
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